

Small-Mid Cap Growth Portfolio

First Quarter 2025

Portfolio Review

The Small-Mid Cap Growth portfolio outperformed the Russell 2500 Growth Index in the first quarter. Good stock selection in information technology and industrials contributed positively to performance. Poor stock selection and an underweight in health care and an underweight in energy detracted from performance.

The biggest contributors to performance during the quarter were Ryan Specialty and Celsius Holdings. Ongoing policy migration into the Excess and Surplus market, continued rate increases by underwriters, and higher contingent commissions are supporting healthy revenue and profit growth for Ryan. This quarter saw stabilization in Celsius Holdings' sales. The company also announced the acquisition of an innovative competitor in the healthy energy drink space. Importantly, the company was able to purchase this fast-growing peer for a reasonable multiple. Other top contributors included HEICO, Verisk Analytics, and Ollie's Bargain Outlet.

The biggest detractors from performance during the quarter were AAON and West Pharmaceutical Services. AAON had sales and bookings headwinds in its rooftop HVAC business due to the R454B refrigerant transition, resulting in margin contraction on lower fixed cost absorption and manufacturing efficiencies. Additionally, news surrounding the release of the DeepSeek app raised concerns around sustainability of strong AI datacenter capital expenditures. West Pharmaceutical reported strong year-end results but issued guidance below consensus expectations. Continued destocking in the generics market and the need to invest in automation for innovative autoinjectors, which impacts gross margin, contributed to this. Additionally, the company decided to stop contract manufacturing for two customers due to insufficient returns. Other bottom contributors included Saia, Moelis & Co., and nCino.

Purchases and Sales

During the quarter, we initiated positions in Descartes Systems Group and Enerpac Tool Group. We sold our positions in Aspen Technology and Clearwater Analytics.

- Descartes Systems Group is the leader in software used to ship across the world, with two thirds of all packages flowing through the company's trading network. The offering can be used to transact or ship parcels, as well as to gather information and logistics. The company has expanded its offering to include customs filings, route management, and analytics used to identify changes in trading terms or tariffs.
- Enerpac Tool Group is a leader in highly engineered hydraulic and controlled force products. These branded tools are specialized for high-pressure or heavy loads, requiring significant know how to create and deliver. The tools are used for large infrastructure projects that need high levels of precision, safety, and reliability. The company leverages its long-standing relationships with delivery partners allowing it to consistently charge a premium for its unique products.
- We sold our position in Aspen Technology once the announced takeover offer by Emerson was raised.
- Since our initial purchase of Clearwater Analytics at its IPO in 2021, the company has delivered strong topline expansion, with some unevenness in improving operating margins. While the company had been profitable one year before its IPO, management invested more aggressively in its go-to-market as well as internal software development. This led to inconsistent margins that included high levels of stock-based compensation. More concerning, however, was the company's capital allocation. The company stepped up its M&A and, in our discussions with management, it is clear the company is focused on growth above profitability. Given Clearwater's underpenetrated core market and strong positioning there, we do not see spending over \$2 billion in the span of one quarter as being prudent. Therefore, we exited our position.

Outlook

The U.S. consumer is feeling far more negative than just a few months ago and business confidence has also declined. Many feel exhausted by higher prices, most notably grocery prices, which have not seen any material relief in terms of inflation. Tariffs, while traditionally a one-time price increase or tax, could have a more long-lasting impact on overall price levels should a global trade war materialize. This could lead to more persistent pressure on wage levels, and changes there could be self-reinforcing, leading to more prolonged inflation. That said, very few have ever struck it rich betting against the U.S. consumer. They have been the backbone of the decade-plus economic expansion we have enjoyed. With employment still quite strong, we do think consumer spending should remain intact, although with perhaps more deterioration for those at lower income levels.

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Portfolio Highlights

Style: Small-Mid Cap
Sub-Style: Growth
Index: Russell 2500™ Growth
Portfolio Inception: 2018
Portfolio Assets: \$663.3 M*
Portfolio Turnover: 25%–35%

Investment Management Team

Name	Research Start Date
Julie Biel, CFA Portfolio Manager + Senior Research Analyst	2004
Chris Wright, CFA Portfolio Manager + Senior Research Analyst	2012
Todd Bailey, CFA Senior Research Analyst	1999
Jon Christensen, CFA Senior Research Analyst	1995
Julie Kutasov Senior Research Analyst	2001
Craig Stone Senior Research Analyst	1990
Adam Xiao, CFA Senior Research Analyst	2013
Tyler Cantarano Research Analyst	2017
Sean Dixon Research Analyst	2008
Luke Longinotti, CFA Governance & Sustainability Analyst	2020
Arthur Su, CFA Research Analyst	2015
Clarissa Ali Associate Research Analyst	2023

Top Five Holdings

As of March 31, 2025

Company	Percent of equity (%)
Ryan Specialty	7.6
HEICO	6.5
Tyler Technologies	5.0
Ollie's Bargain Outlet	4.2
HealthEquity	4.2
Total	27.6

* Figures in USD

This report is based on the assumptions and analysis made and believed to be reasonable by Advisor. However, no assurance can be given that Advisor's opinions or expectations will be correct. This report is intended for informational purposes only and should be not considered a recommendation or solicitation to purchase securities. Holdings are subject to change. Holdings and weightings are based on a representative portfolio. Individual Investors' holdings may differ slightly. Data is obtained by FactSet Research Systems and is assumed to be reliable. Numbers may not always add up due to rounding. **Past performance is no guarantee of future results.**

Investment Process: Discovering Quality

Development of KAR High-Quality Universe	Proprietary Fundamental Research	Portfolio Construction	Sell Discipline
Quantitative Screens <ul style="list-style-type: none"> High return on capital over a full economic cycle Long and resilient earnings history High return on net operating assets Minimal debt Other Resources <ul style="list-style-type: none"> Research on existing portfolio holdings Meetings with companies Industry reviews Investment conferences Third-party research 	Qualitative Analysis <ul style="list-style-type: none"> Evaluate sustainability of business model and assess management's ability to direct capital where it can create further control of its market Financial Analysis <ul style="list-style-type: none"> Evaluate basis for profitability, long-term growth potential, and ability to allocate capital appropriately Valuation Analysis <ul style="list-style-type: none"> Determine the current and potential value of the business 	Position Weights <ul style="list-style-type: none"> Maximum initial position size is 5% (at cost) Maximum position size is 10% (at market) Sector Tolerances <ul style="list-style-type: none"> Seek broad diversification, but no sector constraints Non-U.S. Holdings <ul style="list-style-type: none"> Up to 20% Holding Period <ul style="list-style-type: none"> Typically 3-to-5 years, but is often longer Portfolio turnover is typically 25% to 35% Cash Levels <ul style="list-style-type: none"> Typically will not exceed 10% once a portfolio is fully invested; review by CIO triggered if over 10% 	Extended Valuation Portfolio Upgrade Acquisition Activity Negative Company or Industry Changes

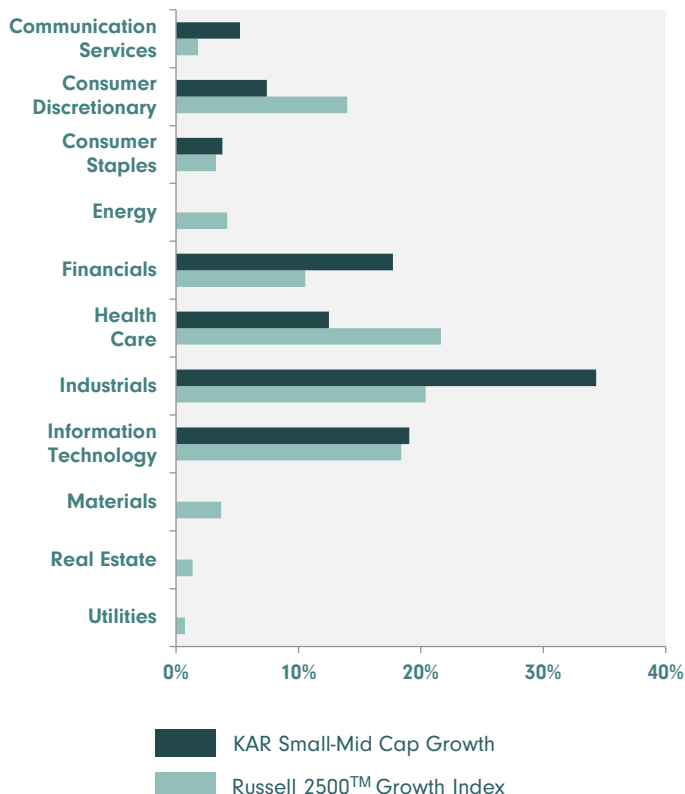
Seeking Higher Quality

Seeking Stronger, More Consistent Growth

Seeking Better Value

Sector Diversification

As of March 31, 2025



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Portfolio Characteristics

As of March 31, 2025

	KAR Small-Mid Cap Growth	Russell 2500™ Growth Index
Quality		
Return on Equity—Past 5 Years	17.5%	12.8%
Debt/EBITDA*	1.2 x	1.4 x
Earnings Variability—Past 10 Years	49.1%	75.0%
Growth		
Earnings Per Share Growth—Past 10 Years	13.3%	14.8%
Capital Generation—{ROE x (1-Payout)}	15.1%	11.2%
Value		
P/E Ratio—Trailing 12 Months	42.7 x	55.1 x
Free Cash Flow Yield†	2.6%	2.6%
Market Characteristics		
\$ Weighted Average Market Cap	\$15.2 B	\$7.0 B
Largest Market Cap	\$45.2 B	\$44.8 B

*KAR utilizes the interquartile method when calculating Debt/EBITDA. The interquartile method excludes outliers from an aggregate statistic such as weighted average. The interquartile method does not assume that data from the top or bottom of the distribution are outliers—only the extreme ends are excluded—and that it can be applied consistently as a quantitative method for most fundamental characteristics. Debt/EBITDA utilizes net debt for the calculation.

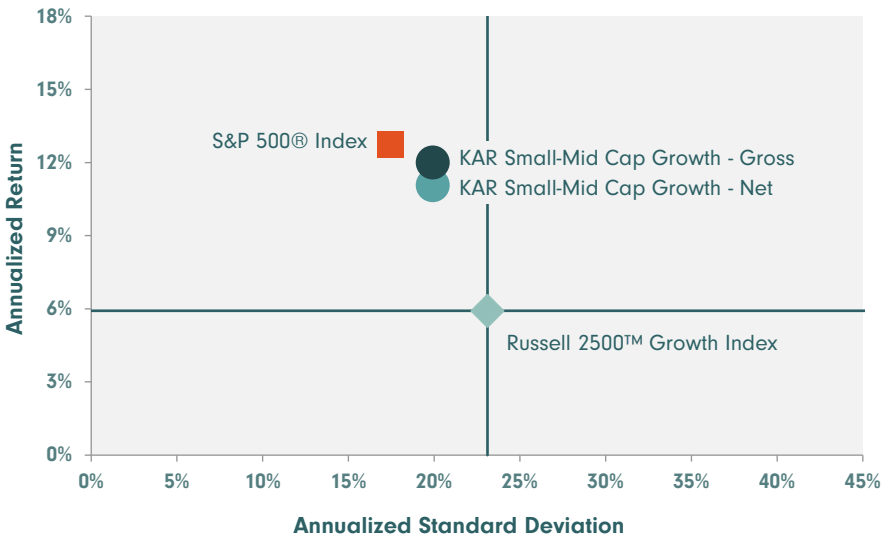
†Free cash flow data is as of December 31, 2024. Prices are as of March 31, 2025. Excludes financials. This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics. Estimates are based on certain assumptions and historical information. **Past performance is no guarantee of future results.**

Small-Mid Cap Growth Portfolio

First Quarter 2025

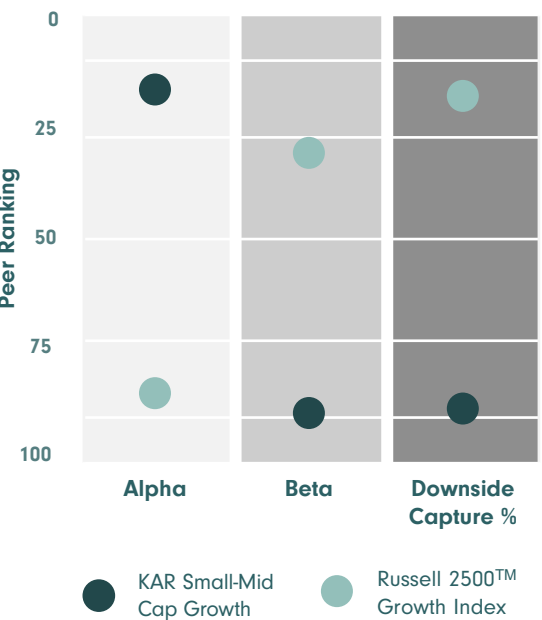
Risk-Return Analysis

Inception* to March 31, 2025



Peer Comparison Chart

Inception* to March 31, 2025



Historical Returns

	KAR Small-Mid Cap Growth (gross)	KAR Small-Mid Cap Growth (net) [†]	Russell 2500™ Growth Index
Annualized Returns (%)[†]			
As of March 31, 2025			
1 st Quarter	(3.75)	(3.96)	(10.80)
One Year	3.27	2.40	(6.37)
Three Years	4.22	3.34	0.55
Five Years	12.84	11.89	11.37
Inception*	12.01	11.07	5.92
Annual Returns (%)			
2024	12.86	11.91	13.90
2023	20.07	19.06	18.93
2022	(21.94)	(22.62)	(26.21)
2021	6.58	5.68	5.04
2020	48.40	47.18	40.47
2019	46.11	44.91	32.65
2018 [§]	(9.44)	(9.77)	(15.93)

The eVestment Small-Mid Cap Growth Universe includes 66 managers categorized in the small-mid cap growth asset class by eVestment. KAR does not pay any fees to be included in the eVestment Small-Mid Cap Growth Universe or for the ranking itself. KAR does pay fees for the use of certain products and services provided by eVestment. eVestment rankings are based on gross of fee returns. Gross of fee returns will be reduced by investment management fees and other expenses that may be incurred in the management of the account. Management fees are described in KAR's Form ADV Part 2A, which is available upon request and can also be found at <https://kayne.com/wp-content/uploads/ADV-Part-2A.pdf>. Returns could be reduced or losses incurred due to currency fluctuations. **Past performance is no guarantee of future results.**

Performance Statistics

Inception* to March 31, 2025

	KAR Small-Mid Cap Growth (gross)	KAR Small-Mid Cap Growth (net)	Russell 2500™ Growth Index
Alpha	6.34	5.44	0.00
Sharpe Ratio	0.47	0.43	0.15
Information Ratio	0.66	0.56	N/A
Beta	0.79	0.79	1.00
Downside Capture	71.24	72.63	100.00
Tracking Error	9.18	9.18	N/A

*August 1, 2018

[†]All periods less than one year are total returns and are not annualized. Returns are final. Returns could be reduced, or losses incurred, due to currency fluctuations.

[‡]Net of all fees and expenses. Assumes a 0.85% annual fee. Fees presented on the Disclosure page could vary from the assumed fee in the net-of-fee calculation, as actual fees paid by a particular client account differ depending on a variety of factors including, but not limited to, business unit and size of mandate. The fee used on the Disclosure page utilizes an assumed maximum fee across the firm's business units, which is further detailed on that page.

[§]Performance calculations are for the five months ended December 31, 2018.

This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. Returns of the Kayne Anderson Rudnick composite are final. For further details on the composite, please see the disclosure statement in this presentation. Data is obtained from FactSet Research Systems and is assumed to be reliable. **Past performance is no guarantee of future results.**



Small-Mid Cap Growth Composite

First Quarter 2025

Disclosure

Year	Composite Gross Return (%)	Composite Net Return (%)	Russell 2500™ Growth Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2018*	(9.44)	(9.95)	(15.93)	N/A	N/A	< 5	N/A	< 1	17,840
2019	46.11	44.28	32.65	N/A	N/A	< 5	N/A	< 1	25,685
2020	48.40	46.54	40.47	N/A	N/A	65	N/A	24	39,582
2021	6.58	5.21	5.04	18.89	22.28	126	0.81	427	47,269
2022	(21.94)	(22.97)	(26.21)	22.52	25.54	109	0.59	352	33,531
2023	20.07	18.54	18.93	19.56	21.25	100	0.42	471	41,186
2024	12.86	11.41	13.90	20.58	23.12	85	1.19	567	45,494

*2018 performance numbers in this table reflect the composite inception date of August 1, 2018 through December 31, 2018.

The Russell 2500™ Growth Index is a trademark/service mark of Frank Russell Company. Russell® is a trademark of Frank Russell Company.

KAR (as defined below) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. KAR has been independently verified for the period from January 1, 1999 through December 31, 2024.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis.

The Small-Mid Cap Growth Composite has had a performance examination for the period from August 1, 2018 through December 31, 2024. The verification and performance examination reports are available upon request.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Kayne Anderson Rudnick Investment Management, LLC ("KAR"), a wholly owned subsidiary of Virtus Investment Partners, Inc., is a registered investment advisor under the Investment Advisers Act of 1940. Registration of an Investment Advisor does not imply any level of skill or training. KAR manages a variety of equity and fixed-income strategies focusing exclusively on securities the firm defines as high quality.

The composite is defined as all fully discretionary institutional and pooled Small-Mid Cap Growth Portfolios. Small-Mid Cap Growth Portfolios are invested in equity securities with market capitalizations consistent with the Russell 2500™ Growth Index, that have market control, solid free cash flow, shareholder-oriented management, strong consistent profit growth and low debt balance sheets. For comparison purposes, the composite is measured against the Russell 2500™ Growth Index. The Russell 2500™ Growth Index is a market capitalization-weighted index of growth-oriented stocks of the 2,500 smallest companies in the Russell Universe, which comprises the 3,000 largest U.S. companies. The index is calculated on a total-return basis with dividends reinvested. Benchmark returns are not covered by the report of the independent verifiers. The inception date of the composite is August 2018. The composite was created in August 2018. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. The firm's list of composite descriptions, list of broad distribution pooled fund and the list of limited distribution pooled funds descriptions are available upon request.

The model management fee used for the net returns in this table is 1.30% for all periods presented. The standard Institutional management fee schedule currently in effect is as follows: 0.85% for the first \$25 million; 0.75% on the next \$25 million; 0.70% on the next \$50 million; 0.60% on the balance. The maximum Wealth Advisory Services Fee in effect is 1.30% for all assets, which breaks out as follows: 1.00% for the first \$3 million; 0.80% on the next \$2 million; 0.70% on the next \$5 million; 0.60% on

the balance; with an additional 0.30% for any assets invested in separately managed accounts strategies. The standard investment advisory fee schedule currently in effect for clients not engaging in Wealth Advisory Services is 1.00%. Actual management fees charged may vary depending on applicable fee schedules and portfolio size, among other things. Additional information may be found in Part 2A of Form ADV, which is available on request. The performance information is supplied for reference. Past performance is no guarantee of future results. Results will vary among accounts. The U.S. dollar is the currency used to express performance. Returns are presented net of transaction fees and include the reinvestment of all income. Gross returns will be reduced by investment management fees and other expenses that may be incurred in the management of the account. Model net returns have been calculated by deducting 1/12th of the highest tier of the standard management fee schedule in effect for the respective period on a monthly basis.

Internal dispersion is calculated using the asset-weighted standard deviation of annual gross returns for accounts in the composite for the entire year. For those years when less than five accounts were included for the full year, no dispersion measure is presented. The three-year annualized ex-post standard deviation, which measures the variability of the composite (using gross returns) and the benchmark for the 36-month period, is not presented for periods prior to 2021 because 36 monthly composite returns are not available.

GLOSSARY

Alpha: A risk-adjusted measure of an investment's excess return relative to a benchmark. Sharpe Ratio: A risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. Information Ratio: The information ratio (IR) is a measurement of portfolio returns beyond the returns of a benchmark, usually an index, compared to the volatility of those returns. Beta: A quantitative measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. Downside Capture Ratio: A statistical measure of an investment manager's overall performance in down-markets. It is used to evaluate how well an investment manager performed relative to an index during periods when that index has dropped. Tracking Error: The divergence between the price behavior of a position

or a portfolio and the price behavior of a benchmark. It is reported as a standard deviation percentage difference, which reports the difference between the return an investor receives and that of the benchmark they were attempting to imitate.

INDEX DEFINITION

The Russell 2500™ Growth Index is a market capitalization-weighted index of growth-oriented stocks of the 2,500 smallest companies in the Russell Universe, which comprises the 3,000 largest U.S. companies. The index is calculated on a total return basis with dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment.